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Author(s): Patrick Salmon

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Patrick Salmon

## British Plans for Economic Warfare against Germany 1937-1939: The Problem of Swedish Iron Ore

**Swedish iron ore occupies** a special place in both the history of the first months of the Second World War, and the scholarly debate on the character of the German war economy. Schemes for diplomatic, naval or military action in Scandinavia — all more or less ineffectual — dominated the strategy of Britain and France in the winter of 1939-40. Though given impetus and a pretext by the outbreak of the Soviet-Finnish Winter War in November 1939, these plans were principally aimed at the complete or partial denial of supplies of Swedish iron ore to Germany. German strategy too was concerned with Scandinavia — partly in response to the ill-concealed Allied interest in the area, but also in pursuit of broader strategic objectives. According to Hitler's directive of 1 March 1940, the German invasion of Denmark and Norway, carried out on 9 April, 'would anticipate English action against Scandinavia and the Baltic, would secure our supplies of ore from Sweden, and would provide the Navy and Air Force with expanded bases for operations against England.'<sup>1</sup>

The British preoccupation with Swedish ore was not merely due to the fact that the German steel industry was more dependent on supplies from Sweden than from any other source: this was a matter of common knowledge. It also derived from the much more questionable belief, expressed most authoritatively in a memorandum by the Ministry of Economic Warfare (MEW) of 18 December

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1939, that a total stoppage of these supplies would bring production to a standstill in a matter of months — perhaps by the spring of 1940 — with ‘a profound effect on the duration of the war’.<sup>2</sup>

The revival of this claim by the Swedish historian Karlbom in 1965 provoked considerable controversy in the pages of the *Scandinavian Economic History Review* and elsewhere.<sup>3</sup> It was initially discredited on statistical grounds, and by pointing out that the German war economy was designed to cope with just such a short-term interruption as the Allies were trying to bring about.<sup>4</sup> More recently emphasis has been placed on the technical aspects of German steel production, in which the supply of Swedish ore was only one of many variables, and on the wider context of Swedish-German trade relations.<sup>5</sup> The complex picture that has emerged demonstrates that Allied expectations of rapid results were wholly unfounded, without diminishing Germany’s dependence on Swedish ore in the long term.

Yet these studies have shed little light on the reasons why such mistaken assumptions were held in the first place; nor has it been their intention to do so. The present study is intended to fill the gap: to reconstruct the process by which a particular view of the importance of Swedish iron ore became fixed in British minds in the years immediately preceding the Second World War. It will also examine the methods evolved for dealing with the problem by Britain’s planners, and finally the effect — if any — of these pre-war assessments and proposals on wartime policy. It therefore explores in detail one aspect of a phenomenon peculiar to Britain in the interwar period: the prominent role assigned to ‘economic warfare’ in strategic theory and practice. In the words of its official historian, ‘“Blockade” was a familiar enough thing in European warfare; but, adorned and transmogrified with a new name and an ill-defined promise, it had become in 1939 Britain’s secret weapon.’<sup>6</sup>

The attraction of economic warfare derived in the first instance from Britain’s traditional advantages as a maritime power with access to overseas sources of supply, and the capacity to deny a large proportion of these supplies to a continental power such as Germany. The experience of the First World War had inculcated an exaggerated belief in the effectiveness of the blockade in bringing about Germany’s defeat, together with a revulsion from the material and human cost represented by the Western Front. To these were added Britain’s new commitment to the League of Na-

tions, with the latter's emphasis on economic as opposed to military sanctions against aggression; and the doctrine of the strategic bombing offensive against selected economic targets.

The potential effectiveness of such methods against Germany was greatly increased by the territorial provisions of the Treaty of Versailles — above all the loss of the Lorraine ore fields, which meant that Germany's 60 per cent self-sufficiency in iron ore before the First World War was immediately transformed into a 75-80 per cent dependence on foreign sources. Efforts were naturally made to reduce this economic vulnerability, including the establishment of closer trade relations with neighbouring neutrals in northern and south-eastern Europe, and the development of substitute raw materials or the intensified exploitation of domestic sources, as exemplified by the 'Four Year Plan' of 1936.

These activities were the object of continuous scrutiny and assessment in Britain. The machinery of economic intelligence and planning established by the Committee of Imperial Defence (CID) from 1923 onwards has been described in several official histories and one recent article.<sup>7</sup> The point at which planning was directed primarily against Germany, and as part of a military strategy, not merely in support of League sanctions, is marked by the formation in July 1937 of the committee on Economic Pressure on Germany (EPG), in succession to the Economic Pressure (EP) committee of May 1933. By the middle of 1938 the EPG's preparatory work had been substantially completed, and the nucleus of the future MEW had been formed. It was then the responsibility of the Coordination Section of the Foreign Office to make arrangements for the new ministry to come into existence immediately on the outbreak of war. The information on which these preparations depended was supplied principally by the Industrial Intelligence Centre (IIC), established in 1931 with the task of reporting on 'the state of industrial and economic preparedness of foreign countries to make war.'

The IIC, which was to become in 1939 the Intelligence Division of MEW, enjoyed an unusual degree of influence. This was due not only to its expertise, but also to the personality of its head, the forceful and persuasive Major Desmond Morton. In numerous memoranda the IIC examined both Germany's war potential and that of other countries, whether prospective enemies, allies or neutrals. To a large extent its authoritative views and striking modes of expression defined the terms in which economic warfare

(the term itself was an IIC coinage) was debated in government circles both before and during the war. Having identified a potential weakness in the economy of a country such as Germany, the IIC went on to suggest ways in which it might be exploited: it thus became much more than an intelligence-gathering body, and an integral part of the policy-making process.<sup>8</sup>

Any attempt to examine the relationship between economic intelligence and the formulation of policy is confronted with the problem of documentary evidence. Official secretiveness and dispersal or accidental destruction prevent direct access to the records of most of the bodies concerned. It is therefore necessary to search laboriously and often at random through the files of government departments whose activities overlapped with theirs. The field is potentially vast, but has been narrowed by efficient 'weeding'. Apart from the Foreign Office and MEW, only the Air Ministry and Ministry of Supply have proved particularly fruitful. Since it is impossible to estimate the nature and extent of the material that is unavailable, the present account is necessarily tentative.

The official historians have drawn attention to the deficiencies of Britain's economic warfare preparations, and their criticisms are of particular relevance to the iron ore question. On the administrative side, Hinsley points out that the CID's economic intelligence system was understaffed and hampered by a lack of advice from civil departments such as the Treasury: it therefore 'remained somewhat isolated from the main stream of economic thought and discussion in Whitehall'; while at the highest level — among ministers and senior officials — 'interest in economic intelligence was at best moderate.'<sup>9</sup> A more serious criticism concerns the nature of the information available to the IIC. In its important series of memoranda prepared for the EPG from July 1937 onwards, the IIC was unable to make adequate assessments of Germany's financial and manpower situations: 'Thus the appreciations were concerned mainly with the position in food, raw materials and fuel, and were largely based on published figures inadequately supported by reliable high-grade intelligence.'<sup>10</sup> This in turn contributed to a fundamental conceptual error: a failure to understand the nature of the German 'Blitzkrieg economy', which led to the belief that by 1939 the economy was fully mobilized for war, and hence highly vulnerable to action against its raw material supplies.<sup>11</sup>

In this last respect, too, the British approach to economic warfare displayed a characteristic weakness. Although the EPG's 'Plan

for Economic Warfare against Germany' of July 1938 acknowledged that 'it is only by creating a sufficient scarcity of a large number of commodities that important results can be obtained', there was always a tendency, as Medlicott puts it, to 'search for Achilles' heel — some specific shortage which would bring the whole industrial machine to a standstill'.<sup>12</sup> It was clear from the outset that only two commodities qualified in this category — iron ore and oil — and the IIC had no doubt where the priority lay: 'It is not at all unlikely that Germany's greatest difficulty and the point at which successful economic pressure would hit her first and hardest would be in regard to iron ore.'<sup>13</sup>

**The close connection** between Swedish iron ore and German steel dated from the late nineteenth century, when the adoption of the Thomas process on a large scale made possible for the first time the exploitation of phosphoric ores — both those of France and Germany, and the much richer ores of Swedish Lapland, with an average iron content of over 60 per cent.<sup>14</sup> Transported by rail from the main mining centres of Kiruna and Gällivare either to Luleå on the Gulf of Bothnia (ice-bound for at least five months of the year) or to the Norwegian port of Narvik (ice-free throughout the winter), the ore reached the Ruhr principally via Rotterdam and the Rhine, or Emden and the Dortmund-Ems Canal. A smaller quantity was exported from central Sweden, where the ore was generally lower in iron and phosphorus content, through the southern Swedish port of Oxelösund (normally ice-free). This was utilized in the production of high-grade steel (for, e.g., armaments) by the Martin process, while Thomas steel was of a lower quality and mainly used in building, road and railway construction.

Successive Swedish governments were fully aware of the economic and political significance of the iron ore industry. 95 per cent of production and 90 per cent of the total export was controlled by the Grängesberg Company, either in its own right or in partnership with the state (which had a 50 per cent holding in the Lapland mines). Until 1937, exports were limited by the so-called 'Grängesberg Law' of 1927 to 9 million tons annually from the northern fields, and 1.5 million from central Sweden.<sup>15</sup> Germany was by far the largest purchaser of Swedish ore, taking in most years about 75 per cent of the total export (Britain, the second largest, rarely took more than 12 per cent) — amounting in the years 1936-

38 to an annual average of nearly 9 million tons. In terms of iron content, this represented almost 60 per cent of Germany's iron ore imports, and about 45 per cent of her total requirements.

The rapid revival in German consumption of Swedish ore after 1933, from the extremely low levels of the Depression period, revived the British strategic interest that had been largely dormant since the First World War.<sup>16</sup> As early as December 1933 the IIC devoted a report to Germany's 'Imports from Scandinavian Countries in Case of War'; and a year later iron ore figured prominently among the 'points where Swedish assistance would be of great value to Germany in war-time' in an IIC survey of Sweden's war potential.<sup>17</sup> It was not, however, until towards the end of 1936 that such interest became more than intermittent. In that year, Germany's aggressive intentions appeared no longer open to doubt, while the consequences of rearmament-based recovery were revealed in a foreign exchange and raw materials crisis which led to Göring's ascendancy as 'economic dictator', and the establishment of the Four Year Plan under his direction.

Germany's inability to pay for adequate imports of iron ore and other raw materials led the EP committee to make a less than usually gloomy estimate of the effects of economic pressure (short of war) in their report of October 1936, where they noted that 'a successful prevention of imports of iron ore and, of course, pig iron, steel and scrap as alternatives, would produce a rapid and serious effect upon German industry and national life.'<sup>18</sup> At this stage the IIC was not so sure, and blamed Germany's shortage of iron and steel on a fall in imports of manganese from the USSR, possibly for political reasons.<sup>19</sup> Iron ore was, however, the most serious problem, not least because of growing British competition for Swedish ore. New works such as Corby were capable of utilizing phosphoric ore, and demand was already rising when the outbreak of the Spanish civil war threatened supplies from Britain's largest source (30 per cent) of imported ore. The British Iron and Steel Federation (BISF) took an active part in securing ore from Sweden — paying higher prices than the Germans and, unlike the latter, in cash.<sup>20</sup>

In spite of German suspicion, the British were not buying for strategic reasons (although there was some concern for *British* supplies in wartime),<sup>21</sup> but simply to satisfy the boom conditions of 1936-37. German efforts to obtain increased supplies of ore, in which Göring played a leading role, were equally conspicuous; and the 'scramble for Swedish iron ore' aroused much attention in the

Scandinavian press and elsewhere.<sup>22</sup> It was clear that if production were to be increased, the Grängesberg Law would have to be revised; and after delicate negotiations it was raised with effect from 1938, primarily for Britain's benefit, by 2.2 million tons a year.<sup>23</sup> As it happened, Britain was hit by recession in 1938, and the extra ore was taken by Germany instead.

German anxiety in the winter of 1936-37, reflected in a visit to northern Norway and Sweden by Blomberg, the Defence Minister, and 'certain prominent German steel magnates' was noted by the IIC and in January 1937 provided the occasion for a memorandum dealing exclusively with Swedish iron ore.<sup>24</sup> It was a straightforward survey, and Morton's main purpose was to draw attention to Germany's urgent interest in the problem, and the likelihood that the export quota for 1936 had been virtually exhausted. No particular response appears to have been aroused in the Foreign Office, where interest was focused on Spanish ore, and the reactions of other departments are unknown.<sup>25</sup>

But the IIC continued to devote much attention to Germany's raw materials situation, and in June 1937 produced a major study of German supplies of iron ore in war, intended by Morton to be an 'invitation to controversy' among the departments to which it was circulated.<sup>26</sup> After discussing Germany's heavy dependence on imported ore, and taking into account variations in iron content, the memorandum concluded that Germany would have to import at least 9 million tons of Swedish iron ore 'in the first year of a war against Great Britain, France and Belgium in 1939' — even if the Four Year Plan was fully successful and Germany could obtain the entire output of the Luxemburg and Austrian mines. There appears to have been little criticism of the IIC's analysis (though the Air Ministry disputed its proposed methods: see note 44 below); and its conclusions were utilized in an important memorandum prepared by the IIC for the first meeting of the EPG committee.<sup>27</sup>

The IIC's assertion that 'were Sweden alone to refuse to supply Germany with iron ore, German Industry would come to a stop in a very short time, possibly measurable in weeks', appears to have made a deep impression on the committee, since their discussion returned repeatedly to Swedish ore. The chairman, Walter Elliot (Secretary of State for Scotland), suggested that 'it would be worth while facing a lot of trouble with neutrals in order to interfere with the trade to Germany in that particular commodity.'

It is worth stopping at this point to consider the IIC's memoran-

da in the light of the general criticisms noted earlier; for it is scarcely an exaggeration to suggest that between the middle of 1937 and the beginning of 1940, no significant advance was made in terms of either information or analysis. It seems that the IIC had to rely more on published sources for iron ore than for non-ferrous metals such as nickel, for which they were able to rely on the International Nickel Company, and more for Swedish iron ore than for Spanish, where the Rio Tinto Company was a regular informant.<sup>28</sup> Diplomatic and consular representatives in Scandinavia were of some value, but the Grängesberg Company was extremely secretive about certain matters, such as statistics of ore shipments from Narvik.<sup>29</sup> Contacts with the company's management were friendly but not very productive, although after the outbreak of war its London representative, Frisell, provided MEW with information (not always reliable) on several occasions.<sup>30</sup> But there was a general problem with the information the IIC obtained by informal means: Morton complained that although City contacts were entirely sincere and willing to help, 'when one has to pin them down to facts and, above all, figures, their statements tend to vanish like the Cheshire Cat, leaving little but the grin.'<sup>31</sup>

Although the IIC's analysis of Germany's ore requirements was realistic as far as it went, it was highly generalized and took no account of the varying phosphorus content of the ore, or of the different steel-making processes employed. This omission has been criticized, and it is certainly the case that it was not until January 1940, when MEW was searching for arguments in favour of immediate action against the Narvik traffic, that Morton drew attention to the ore's high phosphorus content.<sup>32</sup> The enhanced importance of low-phosphorus ore in wartime, when German armament production was increasing, was not anticipated at all; though here the IIC and MEW may be forgiven since the Germans themselves attached little importance to this ore before 1939.

There are, however, indications that the character and requirements of the German steel industry were better understood in Britain than the IIC's memoranda suggest. The fact that they were not alluded to was perhaps due to a desire to avoid overloading the argument with technicalities. But the danger of such oversimplification was that a selective picture could be mistaken for reality, contributing to the belief in the indispensability of a few key commodities which was, as we have seen, fully established by 1937.

If little was added to the picture after the completion of the basic economic warfare preparations in 1938, the IIC did not, as we shall see, relax its vigilance where *methods* of depriving Germany of iron ore were concerned. And in at least one area continued scrutiny was imperative: the extent to which the increased exploitation of Germany's low-grade domestic ores might reduce dependence on foreign supplies. The IIC's initial scepticism about the benefits, at least in the short term, of the Hermann Göring works at Salzgitter (founded in July 1937 on the model of Corby) was reinforced by information from the American expert H. A. Brassert, who had advised on the construction of both plants.<sup>33</sup> Morton's belief in the importance of Swedish ore remained unshaken, and was shared by Brassert himself, who let it be known in October 1939 that he felt that 'this supply is the thing to prevent as far as ever possible.'<sup>34</sup>

**The British concept** of economic warfare observed a distinction between 'Direct action against the German economy and industry' (including detention and capture of cargoes, prohibition of trading with the enemy, air attack and sabotage), and 'Indirect action by agreement with neutrals or pressure upon them.'<sup>35</sup> Where Swedish iron ore is concerned, the second category should be widened to include the possibility of increasing British purchases in order to deny supplies to Germany. This was feasible because maximum production was fixed by law, although there had to be some confidence that the Swedes would not succumb to German pressure to set the legal limit aside. Pre-emptive purchase of the entire ore export was occasionally suggested, but was quite impracticable: the British steel industry was incapable of absorbing such a huge quantity, the possibility of Swedish cooperation was remote and, as Elliot put it in 1937, 'the Germans would not allow themselves to be prevented from obtaining iron ore almost within sight of their shores merely because Sweden said that it had been sold to someone else.'<sup>36</sup>

A more modest increase was both practicable and welcome to the Swedes, since it was in accordance with Sweden's neutrality policy for ore exports to be divided as equally as possible between the two potential belligerents. As we have seen, the BISF negotiations of 1937 were not directed against Germany, and had inadvertently permitted German imports to be increased. The Swedes warned in July 1938 that the shortfall in British purchases could not 'fail to affect the exports of Swedish iron ore as a whole', and returned to

the question in March 1939 when hints from Robert Hudson, the Secretary for Overseas Trade, who was shortly to visit Stockholm for trade talks, indicated that the British attitude might now be more receptive.<sup>37</sup> Prytz, the Swedish Minister in London, suggested that Britain should consider a long-term policy of buying up to 50 per cent of the total export. Although little could be done to implement such a policy at this late stage, the Swedes argued that it was still imperative for Britain's purchases to be increased at least to the level demanded by the BISF in 1937. If they were not, the Germans might offer to buy up to the revised legal limit, and the Swedes would scarcely be in a position to refuse. After much delay, a decision by the CID in July 1939 to create a war reserve of 500,000 tons of Swedish ore, together with an estimate of 2 million tons for the BISF's requirements, offered the hope that Britain would be able to take the 2.5 million tons necessary to ensure that there would be no surplus for the Germans.<sup>38</sup>

But it was too late for any significant results, and by the outbreak of war it seemed that, at best, the Swedes would 'cut down supplies of iron ore to Germany as far as they dare — which will probably not be very far.'<sup>39</sup> In pursuit of this objective, MEW devoted much effort in the autumn of 1939 to the negotiation of a war trade agreement with Sweden. The details are well known, and it is sufficient to mention that a combination of skilful Swedish negotiating tactics and British inexperience led to an agreement by which Germany would still receive at least 8 million tons of ore annually.<sup>40</sup> The Swedes were in turn forced by the Germans to accept a figure of 10 million, while contracts had in fact been exchanged for a total of 11 million tons in 1940.<sup>41</sup>

Even before the war it was realized that although such indirect methods might prevent an *increase* in Germany's ore supply, they could do little to bring about a substantial *reduction*. Hence the appeal of direct action. The measures discussed between 1937 and 1939 may be broadly classified in three categories: those aimed at the *destination* of the iron ore; those aimed at *interception* between source and destination; and those aimed at or near the *source*. Each corresponds to a particular form of action: the first, aerial bombardment; the second, naval action; and the third, sabotage. It is significant that while only the first two were discussed in 1937, by 1939 the emphasis had shifted to the third. The growing belief in the value of 'stoppage at source' was clearly connected with the retreat from their League obligations into strict neutrality on the

part of Sweden and other small states, in response to the deteriorating international situation.

The IIC's memorandum on Germany's iron ore supplies of June 1937 placed much emphasis on the routes by which the ore was transported from Scandinavia to the continental ports, and from the ports to the Ruhr. It considered that the Narvik route would remain essential in wartime owing to the closure of Luleå in winter, and assumed that imports via Rotterdam would be prevented by naval interception in the North Sea. There appears to have been no suggestion in pre-war discussions that interception should be carried out in either Dutch or Norwegian territorial waters, although both — especially the latter — were considered after the outbreak of war.<sup>42</sup> Nor was serious consideration given to the possibility of Soviet action against the Baltic route in summer, until the Anglo-French-Soviet staff talks of August 1939.<sup>43</sup>

The closure of Rotterdam, together with the inadequate capacity of the German Baltic ports, would oblige most of the ore to be transported via Emden and the Dortmund-Ems Canal. It was on this potential bottleneck that the IIC based its chief recommendation for action, phrased in characteristically dramatic terms: 'Were it found possible to block the Dortmund-Ems Canal the effect on the steel output of the Ruhr would almost certainly be catastrophic.' Although the Air Ministry's Intelligence Division doubted the effectiveness of such an operation (not on technical grounds, but because they believed that the Germans would be able to transfer much of the ore from the canals to the railways), the idea of disrupting the transportation of ore within Germany continued to be favoured by the IIC and MEW, and coincided with the initial priorities of the strategic air offensive.<sup>44</sup>

Apart from the existence of an IIC memorandum of June 1938 entitled 'Routing of Swedish Iron Ore Imports', there is no evidence of any extensive discussion of the problem in 1938, and no indication that special measures were taken at the time of the Munich crisis.<sup>45</sup> But in February 1939 — only a week before the Swedish purchasing initiative — the IIC returned to the subject with a new and more drastic approach. Reminding the Foreign Office that iron ore was 'the most important commodity of all to stop reaching our enemy', Morton suggested that strike action at the mines — which, he had been informed by an unnamed source, was a possibility 'by no means remote' — might have this effect:

Hitherto I at least have assumed that in practice it would be impossible to prevent the Germans continuing to receive most of the iron ore they require from Sweden — at any rate in the early stages of war. On the other hand, it seems undeniable that a rapid and decisive effect would be achieved were it found possible abruptly and completely to cut off the Swedish supply.<sup>46</sup>

The idea of a strike was not new to the Germans and had already been discounted by them; and it does not appear to have been pursued much further by the British.<sup>47</sup> But Morton went on to make a more far-reaching proposal. The prospect that Germany 'might threaten the Swedish Government with a military landing unless they put a stop to the strike by force' raised the possibility of British military support for Sweden; and this, Morton thought, deserved further discussion: first at an interdepartmental level, and ultimately by the CID.

Two alternatives had now been raised: that Britain should buy more ore, and that some form of military guarantee should be offered to Sweden as an inducement to resist German pressure. The extent to which either would produce significant results was clearly open to doubt, and led to consideration of various forms of direct action against the ore supply at source. It is at this point, for obvious reasons, that official reticence most effectively obscures our view of the discussion. We are forced to rely mainly on oblique references in Foreign Office minutes, though stray indications exist in the Swedish records and in the post-war reminiscences of one important witness: Morton himself.

Morton's idea was already under consideration by the Foreign Office Coordination Section (in an untraced file) when Prytz's proposal was made, and the latter was judged in its light.<sup>48</sup> The response was generally sympathetic: both Collier, head of the Northern Department, and Nicholls of the Coordination Section thought that it would be 'more advantageous than reliance on the alternative dealt with in our E. W. file P/3'. But Lascelles, Collier's deputy, was more sceptical and thought it conceivable that the kind of German pressure feared by the Swedes 'might actually benefit us by bringing on a rupture between Sweden and Germany and thus enabling us to take direct action against the mines'.

It was agreed that consideration should be given to the Swedish proposal at the interdepartmental meeting scheduled for Morton's; and when this took place, on 27 March, only the former was in fact (favourably) discussed.<sup>49</sup> The latter was deferred to a second meeting some time in April, but there is no indication whether it

ever took place. Some aspects of the Foreign Office discussion during April can be traced, but there are no further references to direct action until shortly before the outbreak of war.

On 13 April Nicholls revived the idea of approaching the CID with the question of offering Sweden military assistance.<sup>50</sup> Lascelles, again dubious about the value of such an approach, took the opportunity to develop his own preference further by suggesting that an enquiry should be added 'as to the feasibility of direct action (through Narvik) on the Swedish mines', as an alternative to direct military assistance:

My own feeling is that the Swedes are probably too weak-kneed to be worth trying to support — (and how, in any case, could we afford them military assistance, with the Baltic closed to us, except through Norway?) — and that direct action at Kiruna is the only thing for it. If such action could be disguised as 'military assistance for Sweden', so much the better: but the disguise would be a bit thin!

Collier suggested that an approach to the CID should be delayed until he had sounded out Prytz on the likelihood of Swedish resistance to German pressure. The response was fairly reassuring, and it may have been for this reason that no approach was made.<sup>51</sup>

The timing of these discussions is important for their bearing on Hudson's visit to Stockholm at the beginning of April. The Swedes were expected to raise the question of buying more ore, and the Department of Overseas Trade had hoped that the proposed inter-departmental meeting would provide Hudson with guidance.<sup>52</sup> The first meeting had not taken place by the time he left England in mid-March, and there is no sign that its conclusions were communicated to him. But he was accompanied by Ashton-Gwatkin, head of the Foreign Office Economic Relations Section, who was aware of the tenor of his colleagues' thinking on the subject.

Both men appear to have been remarkably indiscreet, giving the Swedes a startling insight into the importance now attached to iron ore by the British, and its dangerous implications for Sweden. Hudson threatened that the only solution might be 'to treat Sweden as a hostile power, because then at least we should be able to try and take steps by military or naval means to hinder, if not completely prevent, the supply of ore', while Ashton-Gwatkin, in a phrase taken much to heart by the Swedes, declared, 'I am afraid we have to destroy your mines.'<sup>53</sup> Such candour, while perhaps calculated,

was not well judged. Swedish officials made no secret of their annoyance to the Germans, and a wholly accurate report of Hudson's threat reached the German legation in Oslo through a Swedish informant within a few days.<sup>54</sup>

It appears from Lascelles' and Ashton-Gwatkin's remarks that a military attack on the ore fields through Narvik was the principal form of action under consideration in the spring of 1939. Quite apart from its incalculable moral and political consequences, such an operation would have been of extremely limited practical value. The vast, open-cast mine-workings could not be 'destroyed' in any meaningful sense — a conclusion reached in 1937 by the British military attaché to the Scandinavian countries and a colleague from the War Office after a journey on the Narvik-Luleå railway.<sup>55</sup> There is no sign of any further discussion of this option after April 1939, but at least one other, more feasible, operation was investigated.

This was action against the port of Narvik and/or the railway — which, as the military attaché had noted in 1937, 'could be easily damaged by either blowing it up or causing part of the mountains from above falling on it.' On 1 September 1939 Lascelles referred, in connection with proposals for a military guarantee to Norway, to the possibility that the Norwegians might 'connive at the destruction by sabotage of the Narvik-Luleå railway, ostensibly by "internal" saboteurs whom the Norwegian Government would "strive without success" to control.'<sup>56</sup> He added, 'There are, it will be remembered, "other papers" about this aspect of the problem; but they are rather inconclusive.'

Morton's recollections in a letter of 1960 are more definite:

With the joint planners, we put up a paper *before* the outbreak of war, showing the effects on Germany of the destruction of the very vulnerable railway joining the iron mines of Sweden with the West Norwegian ports. When war broke out, we referred to this, but adding reasons why it must be carried out in September or October 1939 *or not at all*.<sup>57</sup>

He refers elsewhere to the operation as 'an extended raid to destroy the Norwegian iron port for Swedish ore *and* the railway leading to the Swedish frontier.'<sup>58</sup> No such plan appears among the papers of the Joint Planning Committee; not does it resemble the well-known but much more modest plan for naval action against the Narvik traffic actually proposed by Churchill to the War Cabinet on 19

September. But Lascelles' remark does lend credibility to Morton's account, in its essentials if not in detail.

A further operation — the sabotage of the ore-loading facilities at Swedish ports, especially Oxelösund — was proposed in the autumn of 1939 and actually attempted in 1940.<sup>59</sup> There is no direct evidence that it was of pre-war origin, but the confession to the Swedish authorities of one would-be saboteur — Alfred Rickman, author of *Swedish Iron Ore*, published in September 1939 — shows that Rickman was researching his book in Sweden late in 1938; and it has been suggested that he may already have been a British agent at this time.<sup>60</sup>

**It is now possible** to draw some conclusions as to the effect of these pre-war ideas on British policy after the outbreak of war. It is worth noting first that although iron ore was of paramount interest to MEW, as it had been to the IIC, it had to compete at Cabinet level with Germany's other major deficiency commodity: oil. By September 1939 arrangements were already in hand for the pre-emptive purchase of Rumanian oil and the destruction of the oil wells; and in October a special Cabinet committee was set up to investigate the question of Germany's oil supplies — a status never attained by iron ore.<sup>61</sup> This priority did not change significantly until Scandinavia came to dominate the War Cabinet's interest from December 1939 onwards.

As for the methods known to have been discussed before the war, none was actually put into effect — unless the Oxelösund sabotage scheme belongs to this category. Strategic bombing was not begun until May 1940, and although two isolated attacks on the Dortmund-Ems Canal were carried out with some success in June and August, 'the improbability of hitting such a target at night with the means available became more evident and inland waterways tended to recede into the background.'<sup>62</sup> Sabotage of the Narvik railway was ruled out by the Chiefs of Staff in December 1939 on the grounds that it was politically undesirable and difficult to carry out and, if successful, would deprive Britain as well as Germany of iron ore.<sup>63</sup>

Little reference has so far been made to the approach championed so persistently by Churchill: naval action against the Narvik traffic in Norwegian territorial waters. I have suggested in a previous article that this idea was discussed before the war, but

only at the Admiralty, in isolation from the main stream of economic warfare planning.<sup>64</sup> Nor has any mention been made of the dominant idea pursued by the leaderships of Britain and France between December 1939 and March 1940 — that of a military expedition to occupy the ore fields of northern Sweden — since this was entirely a product of the special circumstances of the Winter War. There is no sign that large-scale land operations in the Scandinavian peninsula were ever seriously considered before the outbreak of war.

But in a more general sense the IIC approach to the iron ore question (and to a lesser extent that of other strategic raw materials) did have a decisive effect on wartime policy. The IIC was the product of a vastly over-optimistic view of economic warfare — a view which its own activities did much to reinforce. There *was* good reason to believe that Germany would have greater difficulty than Britain in coping with the economic effects of a long war; and to this extent economic pressure was worthwhile. But there was much less justification for making it, as it had become by 1939, the cornerstone of British strategy.<sup>65</sup> And there was also a fatal tendency to look to it for quick solutions: to regard economic warfare not only as the key to victory in the long term, but also as offering the possibility of a single knock-out blow that would render a long war unnecessary. Cabinet ministers needed no excuse for wishful thinking, but Morton's pronouncements pointed them in this direction. He does not appear to have believed before February 1939 that an immediately decisive blow could be made against Germany's ore supply, but he was always convinced that if some means could be found, it would have almost instantaneous results. To the Chamberlain Cabinet, worried about public morale and fearful of the consequences of provoking active hostilities on land or in the air, such views had an irresistible appeal.

## Notes

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All documents cited are in the Public Record Office, London, except where in-

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2. CAB 67/3, WP(G) (39)153.
3. Rolf Karlbom, 'Sweden's Iron Ore Exports to Germany 1933-1944', *Scandinavian Economic History Review*, XIII (1965), 65-93. The debate is summarized in Martin Fritz, 'Swedish Iron Ore and German Steel 1939-1940', *ibid.*, XXI (1973), 133-144, and in Alan S. Milward, *War, Economy and Society 1939-1945* (London 1977), 308-313.
4. Alan S. Milward, 'Could Sweden have stopped the Second World War?', *Scandinavian Economic History Review*, XV (1967), 127-138; Jörg-Johannes Jäger, 'Sweden's Iron Ore Exports to Germany 1933-1944', *ibid.*, 139-147.
5. Martin Fritz, *German Steel and Swedish Iron Ore 1939-1945* (Gothenburg 1974); Klaus Wittmann, *Schwedens Wirtschaftsbeziehungen zum Dritten Reich 1933-1945* (Munich and Vienna 1978), 113-128.
6. W. N. Medlicott, *The Economic Blockade*, I (London 1952), xi.
7. Medlicott, *op. cit.*, 12-24; Sir Charles Webster and Noble Frankland, *The Strategic Air Offensive against Germany 1939-1945*, I (London 1961), 92-93, 260-261; F. H. Hinsley, with E. E. Thomas, C. F. G. Ransom and R. C. Knight, *British Intelligence in the Second World War*, I (London 1979), 30-34, 59-73; Robert J. Young, 'Spokesmen for Economic Warfare: The Industrial Intelligence Centre in the 1930s', *European Studies Review*, 6 (1976), 473-489.
8. Not without opposition from the Air Ministry: Webster and Frankland, *op. cit.*, 93.
9. Hinsley, *op. cit.*, 32-34.
10. *Ibid.*, 63-64.
11. *Ibid.*, 66-73. See also the criticisms in Milward, *op. cit.*, 294-328.
12. CAB 47/14, ATB 181, 22 July 1938; Medlicott, *op. cit.*, 47.
13. CAB 47/13, ATB (EPG) 2, 5 July 1937.
14. A. F. Rickman, *Swedish Iron Ore* (London 1939); D. L. Burn, *The Economic History of Steelmaking 1867-1939* (Cambridge 1940), 154-160; Fritz, *op. cit.*
15. These amounts could be raised by 10 per cent in any one year, so long as the total export in three consecutive years did not exceed 27 million and 4.5 million tons respectively.
16. M. W. P. Consett, *The Triumph of Unarmed Forces (1914-1918)* (London 1923), 79; A. C. Bell, *A History of the Blockade of Germany* (London 1937), 656. But see SUPP 3/71, PSO(BT)53, of January 1929, for correspondence on the relationship between the Grängesberg Company and the German steel industry, and its implications for Britain's steel supply in war.
17. The title of the first is given in Young, *op. cit.*, Appendix II, 484-485; The second, dated 13 December 1934, is in FO 419/29, N1525/18/42.
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19. ICF/66, 12 November 1936, FO 371/19937, C8595/99/18.
20. J. C. Carr and W. Taplin, *History of the British Steel Industry* (Oxford 1962), 566-567; Prof. Dr. E. Haarmann to Göring, 13 July 1936, PA, HaPol VI Schweden: Rohstoffe und Waren, Eisenerz, I; Meynen (Stockholm) to Auswärtiges Amt (AA), 6 October 1936, *ibid.*

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22. Joachim Joesten, 'The Scramble for Swedish Iron Ore', *Political Quarterly* (1938), I, 58-67; Wittmann, op. cit., 124-125; Gunnar Hägglöf, *Svensk krigshandelspolitik under andra världskriget* (Stockholm 1958), 20-22.
23. Hägglöf, op. cit., 22-24; FO 371/21082, file N230/63; FO 371/21110, file N1509/42; UD, H 40 Ba VII, H 40 Ct XIII.
24. ICF/86, 14 January 1937, FO 371/20713, C470/13/18; Morton to Baxter (FO), 14 January 1937, *ibid.*
25. Charles E. Harvey, 'Politics and Pyrites during the Spanish Civil War', *Economic History Review* XXXI (1978), 89-104.
26. ICF/66, 25 June 1937, FO 371/20715, C5426/13/18 (also CAB 47/13, ATB(EPG)6); Morton to Group Captain K. C. Buss (Deputy Director of Intelligence, Air Ministry), 3 September 1937, AIR 5/1154.
27. Morton to Buss: 'The Treasury, Foreign Office, Admiralty and War Office have at present not found themselves able to undermine the arguments'; CAB 47/13, ATB(EPG)2 (note 13 above); CAB 47/12, ATB(EPG) 1st Meeting, 29 July 1937.
28. E.g. ICF/231, 16 January 1937, FO 371/20713, C451/13/18; ICF/261, 13 January 1937, and Morton to Garran, 15 January 1937, *ibid.*, C472/13/18.
29. Paus (Commercial Attaché, Oslo) to Department of Overseas Trade (DOT) (for IIC), 19 February 1937, FO 371/21080, N1742/143/63.
30. E.g. marginal note by Nicholls (Coordination Section, FO) on Blaker (IIC) to Nicholls, 11 November 1938, FO 837/796; and the inconclusive exchanges between Morton and Axel Johnson (a director of the Company) in July-August 1939, FO 371/23656, N3435/64/63, FO 371/23657, N4018/64/63. Ingram (MEW) to FO, 9 September 1939, FO 371/23652, N4292/31/63; Sporborg (MEW) to Collier (FO), 2 April 1940, FO 371/24821, N4063/19/63.
31. Morton to Fennelly (Board of Trade), 10 February 1937, SUPP 3/55, SO 305.
32. Fritz, op. cit., 103; CAB 66/4, WP(40)11, 9 January 1940.
33. Morton to Baxter, 8 September 1937, FO 371/20715, C6342/13/18; Carr and Taplin, op. cit., 532-534; Matthias Riedel, *Eisen und Kohle für das Dritte Reich* (Göttingen 1973).
34. Col. M. G. Christie to Vansittart, 13 November 1939 (citing letter from Brassert of 30 October), FO 371/23049, C18652/454/18; Morton to Roberts (FO), 20 November 1939, *ibid.*
35. CAB 47/14, ATB 181.
36. Minutes by Ashton-Gwatkin, 29 July 1937, and Collier, 30 July, FO 371/20715, C5426/13/18; British strategical memorandum for Anglo-French staff talks, 14 March 1939, CAB 16/209, AFC(39)1; ATB(EPG) 1st Meeting, CAB 47/12 (note 27 above).
37. Sandler (Swedish Foreign Minister) to Stanley (President of the Board of Trade), 14 July 1938, UD, H 40 Ba VIII; Prytz to UD, 21 February 1939, *ibid.*; Hudson to Halifax, 1 March 1939, FO 371/23706, N1189/1189/42.
38. FO 371/23652, N3298/31/63; Carr and Taplin, op. cit., 590-591.
39. Lascelles minute, 31 August 1939, FO 371/23657, N4050/64/63.
40. Medlicott, op. cit., 141-152, 180-192; Hägglöf, op. cit., 52-76, 90-92; Erik Boheman, *På vakt*, II (Stockholm 1964), 78-90.
41. Hägglöf, op. cit., 77-89, 92-98; Wittmann, op. cit., 160-169.

42. For Dutch waters, see proposal by Naval Attaché, The Hague, 21 September 1939, and Admiralty comments, ADM 199/892. For Norwegian, see note 64 below.

43. Strang minute, 28 July 1937, FO 371/20715, C5426/13/18; CAB 16/183B, DP(P)71, 31 July 1939, and DP(P)70, 15 August 1939.

44. Comments by Buss, sent to IIC 27 August 1937, AIR 5/1154; CAB 47/14, ATB 181; MEW memoranda 1/610, 22 September 1939, FO 371/23049, C14886/454/18, and I 81/1, 27 October 1939, *ibid.*, C17724/454/18; Webster and Frankland, *op. cit.*, 28-29, 97-98.

45. The title appears in CAB 4/27, No. 1442-B, 6 July 1938, Appendix II, and in Young, *op. cit.*, Appendix II, 484-485. For Munich, see Erik Lönnroth, *Den svenska utrikespolitikens historia 1919-1939* (Stockholm 1959), 171; Blaker (IIC) to Nicholls, 11 November 1938, and Walker (Stockholm) to Nicholls, 8 December 1938, FO 837/796.

46. Morton to Nicholls, 22 February 1939, *ibid.*

47. Below (Stockholm) to AA, 12 May 1938, PA, HaPol VI Schweden: Rohstoffe und Waren, Eisenerz, I; Oberkommando der Wehrmacht to AA, 23 November 1938, *ibid.*, II; AA conference, 17 January 1939. *Documents on German Foreign Policy*, Series D, V, 610-613.

48. FO minutes, 7-14 March 1939, FO 371T23706, N1189/1189/42.

49. Collier minute, 27 March 1939, *ibid.*, N1556/1189/42.

50. FO minutes, 6-25 April 1939, FO 371/23652, N1824/31/63.

51. Collier-Prytz conversation, 27 April 1939, *ibid.*, N2168/31/63.

52. Mullins (DOT) to Palmer (BOT), 22 March 1939 (as note 49 above).

53. Hudson minute, recording conversation with Marcus Wallenberg, Junior, 2 April 1939, FO 371/23652, N1910/31/63; memoranda by Häggblöf and Kumlin, 15 April 1939, UD, H 40 Ct XV; Häggblöf, *op. cit.*, 24-27.

54. Wied (Stockholm) to AA, 4 April 1939, PA, Abt Pol VI Po 2 Schweden; Sahm (Oslo) to AA, 13 April 1939, *ibid.*

55. 'Notes on a journey Boden-Narvik', 20 August 1937, FO 371/21084, N4639/4639/63; Collier minute, 18 September 1937, FO 371/21080, N4585/143/63.

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58. Letter of 8 September 1961, *ibid.*, 180.

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60. Munch-Petersen, *op. cit.*, 30-31.

61. Medicott, *op. cit.*, 250-257; Webster and Frankland, *op. cit.*, 265, 284-292.

62. Webster and Frankland, *op. cit.*, 296, 305.

63. CAB 66/4, WP(39)169.

64. 'Churchill, the Admiralty and the Narvik Traffic, September-November 1939', *Scandinavian Journal of History*, 4 (1979), 305-326.

65. COS memorandum of February 1939, quoted in Michael Howard, *The Continental Commitment* (London 1972), 133.

**Patrick Salmon**

is a research fellow of the Institut für Europäische Geschichte, Mainz, and is currently working on a study of British and German economic and political relations with the Scandinavian countries in the 1930s.